

Analysis: TDS/TCS

IT Act, 1961 vs IT Act,
2025

INCOME TAX ACT, 2025 LEGISLATIVE TIMELINE



FEBRUARY 13,

Original
Income-tax Bill
introduced in
Lok Sabha

2025

AUGUST 8,

Original Bill withdrawn
for revisions

2025

JULY 21,

Parliamentary
Select Committee
submitted report
with 285+
recommendations

2025

AUGUST 12,

Bill passed in
Rajya Sabha

2025

AUGUST 12,

Revised
Income-tax
(No. 2) Bill
passed in Lok
Sabha

2025

AUGUST 21,

Act notified in
Gazette of India

2025

AUGUST 21,

Presidential
assent granted

2026

APRIL 1,

Act to
become
effective

REDUCTION: BEFORE AND AFTER

Aspect	Income- tax Act,1961	Income-tax Act,2025
Parts	3	2
Section	65	13
Words	27,500	14,600

I.T. Act, 1961	I.T. Act, 2025
Chapter XVII	Chapter XIX
Collection and Recovery of Tax	Collection and Recovery of Tax
A. General	A. General
S. 190. Deduction at source and advance payment	S. 390. Deduction or collection at source and advance payment
S. 191. Direct payment	S. 391. Direct payment
B. Deduction at source	B- Deduction and collection at source
S. 192 to 196D – 43 sections- TDS Rates	S. 392. Salary and accumulated balance due to an employee
S. 197 to 206AA – 16 sections - other TDS provisions.	S. 393. Tax to be deducted at source
	S. 394. Collection of tax at source
	S. 395. Certificates
	S. 396. Tax deducted is income received
	S. 397. Compliance and reporting
BB- Collection at source	S. 398. Consequences of failure to deduct or pay or, collect or pay
S. 206C to 206CC – 4 sections.	S. 399. Processing
	S. 400. Power of Central Government to relax provisions to this Chapter
	S. 401. Bar against direct demand on assessee
	S. 402. Interpretation
65	[11 + 2 = 13]

- **General**

S. 390:- Deduction or collection at source and advance payment

S. 391:- Direct payment

- **Deduction and collection at source**

S. 392. Salary and accumulated balance due to an employee

S. 393. Tax to be deducted at source

S. 394. Collection of tax at source

S. 395. Certificates

S. 396. Tax deducted is income received

S. 397. Compliance and reporting

S. 398. Consequences of failure to deduct or pay or, collect or pay

S. 399. Processing

S. 400. Power of Central Government to relax provisions to this Chapter

S. 401. Bar against direct demand on assessee

S. 402. Interpretation

Income-tax Act, 2025 — Section 3: Definition of “tax year”

- 3.(1)** For the purposes of this Act, “tax year” means the twelve months period of the financial year commencing on the 1st April.
- (2)** In the case of a business or profession newly set up, or a source of income newly coming into existence in any financial year, the tax year shall be the period beginning with—
- (a)** the date of setting up of such business or profession; or
 - (b)** the date on which such source of income newly comes into existence, and, ending with the said financial year.

Table
FOR PAYMENTS TO RESIDENT

Sl. No.	Nature of Income or sum	Payer	Rate
			Threshold limit
A	B	C	D
1. Commission or brokerage			
	(i) Any income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of insurance policies).	Any person.	Rate: Rates in force. ——— Threshold limit: ₹ 20,000.
	(ii) Any income by way of commission [not being insurance commission referred to in serial number 1(i)] or brokerage.	Specified person.	Rate: 2% ——— Threshold limit: ₹ 20,000.
2. Rent			
	(i) Any income by way of rent.	Person other than specified person.	Rate: 2% ——— Threshold limit: ₹ 50,000 for a month or part of a month.

Table

FOR PAYMENTS TO NON-RESIDENT

Sl. No.	Nature of income or sum	Payee	Payer	Rate
A	B	C	D	E
1.	Any income referred to in section 211.	(a) A non-resident sportsman (including an athlete) or an entertainer, who is	Any person.	20%

Table
FOR PAYMENTS TO ANY PERSON

Sl. No.	Nature of income or sum	Payer	Rate
			Threshold limit
A	B	C	D
1.	Any income by way of winnings (other than winnings from online games as referred to in serial number 2) from— (a) any lottery; or (b) crossword puzzle; or (c) card game and other game of any sort; or (d) gambling or betting of any form or nature whatsoever.	Any person.	Rate: Rates in force. _____ Threshold limit: ₹ 10000 in case of a single transaction.
2.	Any income by way of winnings from online game.	Any person.	Rate: Rates in force. _____ Threshold limit: As per Note 1.
3.	Any income by way of winnings from any horse race.	Any person, being a bookmaker or a person to whom a licence has been granted by the Government under	Rate: Rates in force. _____ Threshold limit: ₹10000 in case of a single transaction.





भारतीय रिज़र्व बैंक

A. S-GRIKA BANK CRADON FOOD NATT AANE SANENNA

RESERVE BANK OF INDIA

ABC 123456

ABC 123456

₹392

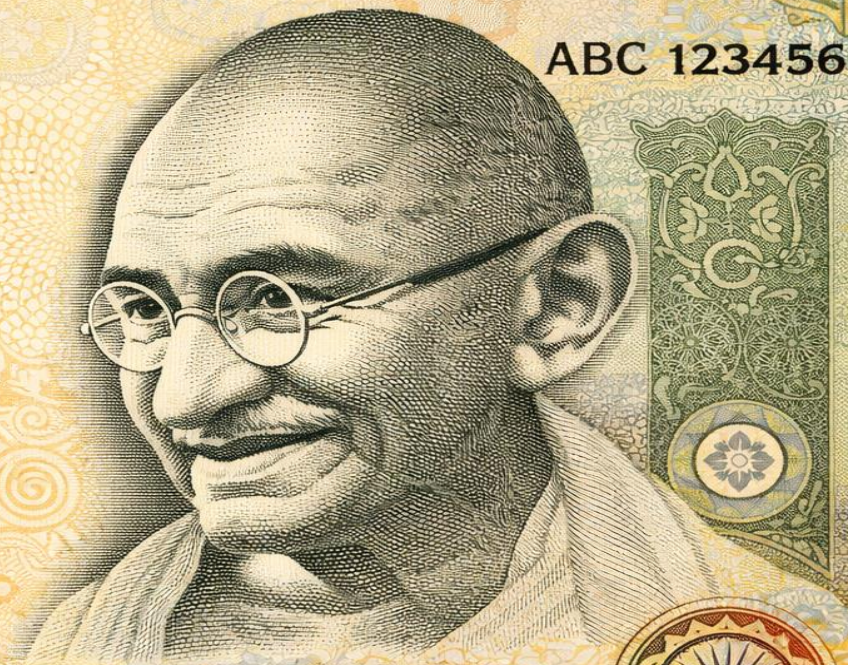
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रिज़र्व बैंक चारा मयिकि. काम युक्तेनं यवठ
के शान्ता आवातेविय वाने. रिज़र्व यवने

Gandhi

GOVERNOR

ABC 123456



GOVERNOR

ABC 123456





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5 STAR CERTIFICATE

Awarded For

5 STAR CERTIFICATE



This Certificate is Proudly Presented To

YOUR COMPANY NAME

*In Recognition of Outstanding Tax Compliance and
Adherence to All Tax Laws and Regulations*



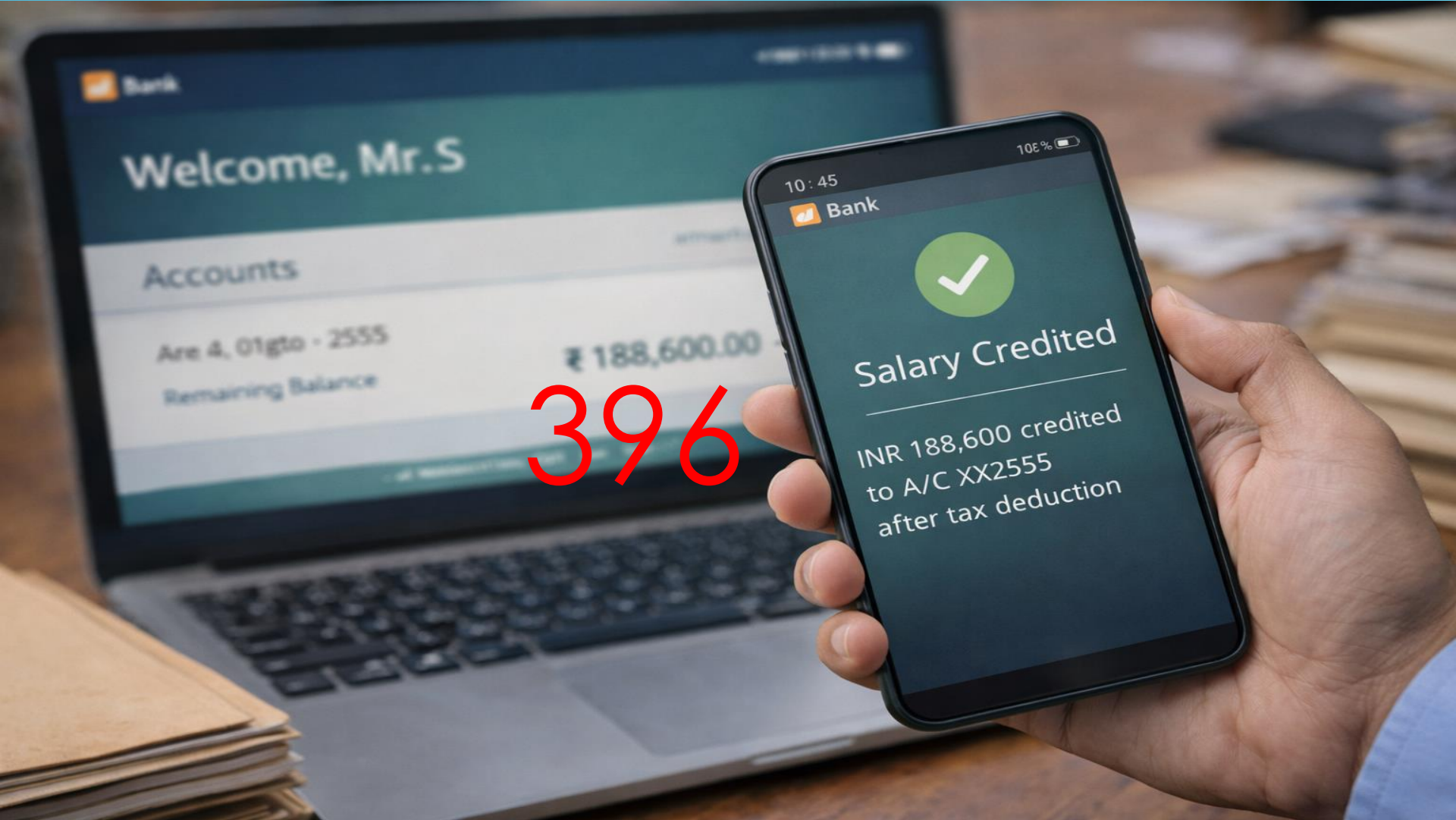
John Smith
Tax Compliance Officer

DATE: January 15, 2022

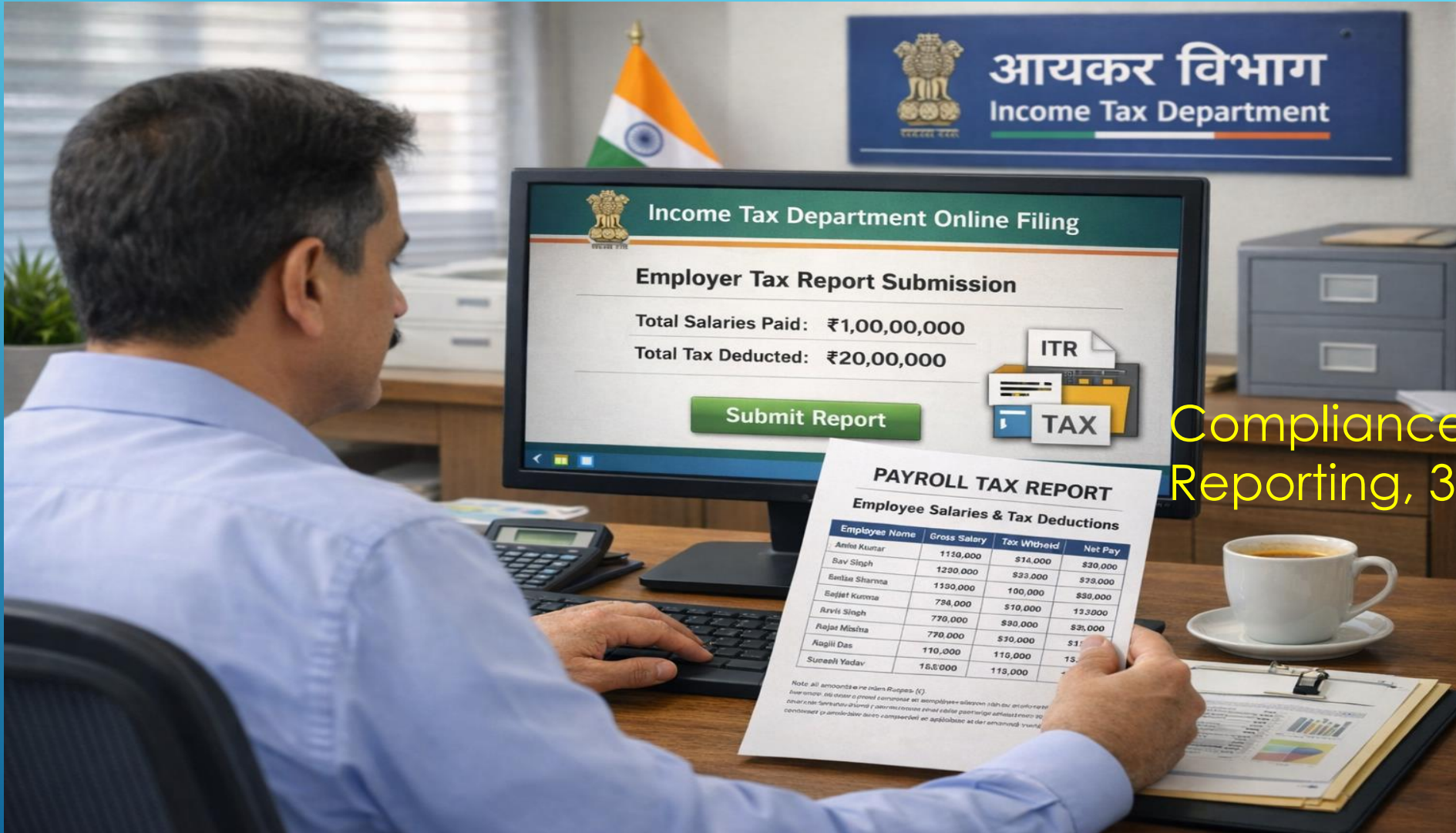
Lisa Roberts
Director of Taxation



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396



Income Tax Department Online Filing

Employer Tax Report Submission

Total Salaries Paid: ₹1,00,00,000

Total Tax Deducted: ₹20,00,000

Submit Report

ITR

TAX

PAYROLL TAX REPORT Employee Salaries & Tax Deductions

Employee Name	Gross Salary	Tax Withheld	Net Pay
Anita Kumar	1150,000	\$14,000	\$30,000
Ravi Singh	1200,000	\$33,000	\$78,000
Ranjana Sharma	1150,000	100,000	\$90,000
Deepak Kumar	788,000	\$10,000	13,000
Ravi Singh	770,000	\$30,000	\$35,000
Rajni Mishra	770,000	\$30,000	\$10,000
Ragini Das	110,000	110,000	13,000
Suresh Yadav	165,000	115,000	13,000

Note: All amounts are in Indian Rupees (₹)
This report is for internal use only and should not be used for any other purpose.
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The report is generated by the system and is subject to change without notice.

Compliance
Reporting, 3



**Failure to deduct
or report tax
leads to penalty.**



आयकर विभाग
INCOME TAX DEPT.

In special cases, we
may relax provisions.

**399 -
Processing**

TAX FILE
CONFIDENTIAL



SECTION
400!

4 😊😊





 आयकर विभाग
Income Tax Department

401

Section 402 : Interpretation



VIRTUAL DIGITAL ASSET SECTION 2(111):

2 (111) “virtual digital asset” means—

- a) any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, called by any name, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically;**

(b) a non-fungible token or any other token of similar nature, by whatever name called;

(c) any other digital asset, as the Central Government may, by notification, specify; (d) any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not such asset is included in sub-clause (a) or (b) or (c), where,— (i) “non-fungible token” means such digital asset as the Central Government may, by notification, specify; (ii) the Central Government may, by notification, exclude any digital asset from this definition, subject to such conditions as specified therein;

Section 400 — Power of Central Government to relax provisions of this Chapter

(1) The **Central Government** may, by **notification**, provide that **deduction or collection of tax shall not be made or is to be made at such lower rate**, from such payment or receipt and in respect of such person or class of persons.

(2) The **Board** may issue **guidelines**, with the previous approval of the Central Government, to remove any difficulty arising in giving effect to the provisions of this Chapter and these guidelines shall be **laid before each House of Parliament**.

(3) The Board may **notify**, a class of person, or cases, where the person responsible for paying to a **non-resident, not being a company, or to a foreign company**, any sum, whether or not chargeable under the provisions of this Act, to make an application in such form and manner as may be prescribed to the **Assessing Officer** to determine the appropriate proportion of sum chargeable in the manner as may be prescribed, and accordingly **tax shall be deducted under section 393(2)** on that proportion of the sum which is so chargeable.

(4) The Board may, by **notification**, make rules specifying the cases in which, and the circumstances under which, an application may be made for grant of a **certificate under section 395(1) and (3)**, and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith

**Tax to be deducted at source –
S.393 (1)
TABLE
FOR PAYMENTS TO RESIDENTS**

Sl. No.	Nature of Income or sum	Payer	Rate
			Threshold limit
A	B	C	D
1.	Commission or brokerage		
	i) Any income by way of remuneration or	Any person	Rate: Rates in force. _____ Threshold limit: Rs. 20,000.
2.	Rent		
	(i) Any income by way of rent	Person other than specified person.	Rate 2% Threshold limit: Rs. 50,000 for a month or part of a month.

Sl. No.	Nature of Income or sum	Payer	Rate
3.	Payment on transfer of certain immovable property other than agricultural land		
	i) Any consideration for transfer of any immovable property (other than agricultural land).	Person other than the person who are required to deduct tax under serial number 3(uil).	Rate: 1% of- (a) consideration for transfer of the immovable property; or (b) stamp duty value of such property, whichever is higher. Threshold limit: Fifty lakh rupees and as per Note 3.
	(ii) Any consideration, not being consideration in kind, under the agreement referred to in section 67(14)	Any person.	Rate: 10% Threshold limit: Nil
	ii) Any sum, being in the nature of (a) compensation or the enhanced compensation; or (b) consideration or the enhanced consideration, on account of compulsory acquisition, under any law for the time being inforce, of any immovable property (other than agricultural land).	Any person.	Rate: 10% Threshold limit: Rs. 5,00,000

Note 1. - Consideration for transfer of any immovable property under serial number 3(i) shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property for the purposes of the threshold limit mentioned in column D.

Note 2. - In case of consideration on which provisions of both serial numbers 3(i) and 3(ii) are applicable, tax shall be deducted under (ii) only.

Note 3. - For the purposes of serial number 3(i) the income-tax shall be deducted where consideration for transfer of any immovable property or the stamp duty value of such property, is equal to or greater than fifty lakh rupees.

Sl. No.	Nature of Income or sum	Payer	Rate
4.	Income from capital market		
	(i) Any income in respect of	Any person.	Rate: 10% Threshold limit Rs. 10,000.
5.	Interest Income		
	i) Any income by way of Interest on securities.	Any person.	Rate: Rates in force. Threshold limit Rs. 10,000
6.	Payments to contractors, fees for professional and technical services, etc.		
	i) Any sum for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a designated person.	Any designated person	Rate: (a) 1%, if contractor is individual or Hindu undivided family; (b) 2%, if contractor is a person other than the person mentioned in (a) - Threshold limit : [for (a) and (b)]
7.	Dividend		
	Any dividend (including dividend on preference shares) declared	Any domestic company.	Rate: 10% Threshold limit: Nil
8.	Other cases		

S.393 (2)

TABLE 2
FOR PAYMENTS TO NON-RESIDENT

Sl. No.	Nature of Income or sum	Payee	Payer	Rate
A	B	C	D	E
1.	Any income referred to in section 211.	a) A non-resident sportsman (including an athlete) or an entertainer, who is not a citizen of India; or (b) a non-resident sports association or institution.	Any person.	20%

S.393 (3)

TABLE 3
FOR PAYMENTS TO ANY PERSON

Sl. No.	Nature of Income or sum	Payer	Rate of Threshold limit
A	B	C	D
1.	Any income by way of winnings (other than winnings from online games as referred to in serial number 2) from- a) any lottery; or (b) crossword puzzle; or (c) card game and other game of any sort; or (d) gambling or betting of any form or nature whatsoever.	Any person.	Rate: Rates in force. - Threshold limit: Rs. 10.000 in case of a single transaction.

S.393 (4)

TABLE 4
FOR NO DEDUCTION AT SOURCE

Sl. No.	Provisions for tax deduction at source	Condition for no deduction on income or sum
1.	Commission or Brokerage referred to in section 393(1) [Table : Sl. No. 1 (ii)].	Commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.

S.393 (6)

TABLE 5
DECLARATION FOR NO DEDUCTION AT SOURCE

Sl. No.	Person	Provisions for tax deduction at source
A	B	C
1.	An individual being a resident	a) payment of accumulated balance due to an employee referred to in section 392(7). (b) insurance Commission referred to in section 393(1) [Table: Sl. No. 1 (i)] (c) rent referred to in section 393(1) [Table: Sl. No. 2(ii)]; (d) income in respect of units referred to in section 393(1) [Table: Sl.No. 4(i)]; (e) interest referred to in section 393(1) [Table: Sl. No. 5(i), (ii) and (iii)]; (f) payment in respect of life insurance policy referred to in section 393(1) [Table: Sl. No. 8(i)]. (g) dividend referred to in section 393(1) (Table: Sl. No. 7).

Collection of tax at source – S.394 (1)

TABLE 6
TAX COLLECTION AT SOURCE

Sl. No.	Nature of receipt	Person	Rate of collected at Source
A	B	C	D
1.	Sale for Alcoholic liquor for human consupcion	Seller.	1%
2.	Sale of tendu leaves.	Seller.	5%
3.	Sale of timber whether obtained under a forest lease or otherwise; or any other forest produce (not being timber or tendu leaves) obtained under a forest lease.	Seller.	2%

Uniform threshold for deduction of tax on interest on securities

Aspect	Income-tax Act, 1961	Income-tax Act, 2025
Section Reference	193	393(1) [Table: S.No.5(i)]
Threshold & Scope	₹10,000 only for debenture interest, but FA 2025 introduced a threshold limit of Rs.10,000 in respect of payment of interest on securities.	Uniform ₹10,000 for all interest on securities

Impact / Summary: Simplifies compliance and aligns threshold for all security interest types.

LIFE INSURANCE POLICY PAYMENTS

Aspect	Income-tax Act, 1961	Income-tax Act, 2025
Section Reference	194DA - Sum received under life policy not exempt u/s 10(10D)	393(1) [Table: S.No.8(i)]
Threshold	Less than one hundred thousand rupees	₹1 lakh
Scope	This may suit text based format	This suits table format

Impact / Summary: No major change; improved drafting consistency.

Commission/Brokerage & Advertising

Aspect	Income-tax Act, 1961	Income-tax Act, 2025
Section Reference	194H / 194J	393(1) [Table:S.No.1(ii)] / 393(1)[S.No.6(iii)]
Definition	Advertising is included as part of professional services under Sec.194J but not under Sec.194H	Explicitly defined under Section 402(28) which is applicable to both the provisions

Impact / Summary: Advertising formally classified under professional services for uniformity.

TDS on rent by individuals/HUFs

Aspect	Income-tax Act, 1961	Income-tax Act, 2025
Section Reference	194-IB	393(1) [Table:S.No.2(ii)]
Threshold	₹50,000 per month	Same
Definition	194-IB -Rent for land or building or both. Expanded scope u/s 194-I	Expanded to include land, or building (including factory building) or land appurtenant to a building or machinery or plant or equipment or furniture or fittings

Impact / Summary: Definition of rent is made similar u/s 402(29) for both categories.

TDS on cash withdrawals

Aspect	Income-tax Act, 1961	Income-tax Act, 2025
Section Reference	194N	393(3)[Table:S.No.5] / 393(4)[S.No.18]
Threshold	₹1 crore (₹20 lakh for non-filers)	₹1 crore uniform
Special rates for non-filers	Applicable	Removed

Impact / Summary: Simplified; removes complexity of non-filer specific threshold higher rate.

CERTIFICATE FOR LOWER DEDUCTION

Aspect	Income-tax Act, 1961	Income-tax Act, 2025
Section Reference	197	395(1)
Authority	AO on application by assessee	Same provision continued
Scope	Applies to certain payments	Applies to any income or sum under Chapter XIX-B

Impact / Summary: Expands coverage of lower deduction certificate mechanism.

TIME LIMIT FOR FURNISHING CORRECTION STATEMENT (TDS/TCS)

Aspect	Income-tax Act, 1961	Income-tax Act, 2025
Section Reference	200(3), proviso 206C (3B), proviso	397(3)(f)
Correction Statement Time Limit	6 years from end of FY	2 years from end of tax year

Impact / Summary: Rationalisation of compliance timeline; reduces delays and makes it more efficient.

Thank You

